

Barton Hills Village  
Washtenaw County  
AUDITED FINANCIAL STATEMENTS  
March 31, 2004

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

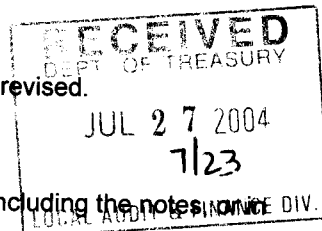
Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <u>Barton Hills Village</u>	County <u>Washtenaw</u>
Audit Date <u>3-31-04</u>	Opinion Date <u>7-9-04</u>	Date Accountant Report Submitted to State: <u>7-23-04</u>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes and the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

### We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <u>Post Smythe Lutz and Ziel LLP</u>			
Street Address <u>1034 W. Ann Arbor Trail</u>	City <u>Plymouth</u>	State <u>MI</u>	ZIP <u>48170</u>
Accountant Signature <u>Dan R. Willes</u>			

BARTON HILLS VILLAGE

Washtenaw County, Michigan

Officials:

President and Trustee	-	James Wilkes
President Pro-Tem and Trustee	-	Riad Al-Awar
Clerk	-	Doris E. Foss
Treasurer	-	William W. Boddie
Assistant Treasurer	-	Carolyn Redies
Assistant Clerk	-	Janice Esch
Trustee	-	Joseph Pickl, Jr.
Trustee	-	William J. Davis, Jr.
Trustee	-	Adele Laporte
Trustee	-	Forrest Butterwick
Trustee	-	Barbara Hensinger
Trustee	-	Cheryl MacKrell
Population - 2000 Census		335
Taxable Valuation – 2003 Roll		\$46,351,415
Legal Counsel		Reading & Etter
Auditors		Post, Smythe, Lutz and Ziel LLP

BARTON HILLS VILLAGE  
For the Year Ended March 31, 2004

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FINANCIAL SECTION

# POST, SMYTHE, LUTZ AND ZIEL LLP

*Certified Public Accountants*

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Sharon Walz Duckworth, C.P.A.  
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Wendy Leung Lee, C.P.A.  
Therese Mulholland, C.P.A.

July 9, 2004

### Independent Auditor's Report

To the Board of Trustees  
Barton Hills Village  
Washtenaw County, Michigan


We have audited the accompanying general purpose financial statements of Barton Hills Village as of March 31, 2004 and for the year then ended, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the Village management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Barton Hills Village as of March 31, 2004 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and supporting schedules and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Barton Hills Village. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Respectfully,



POST, SMYTHE, LUTZ and ZIEL LLP  
Certified Public Accountants

GENERAL PURPOSE FINANCIAL STATEMENTS



BARTON HILLS VILLAGE  
Combined Balance Sheet  
All Fund Types and Account Groups  
March 31, 2004  
With Comparative Totals for March 31, 2003

	<u>Governmental Fund Types</u>		<u>Account Groups</u>	
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>
<u>ASSETS</u>				
Cash	\$ 586,969	\$ 161,264	\$ -	\$ -
Accounts Receivable - Water and Other	6,689	-	-	-
Accrued Interest Receivable	-	-	-	-
Prepaid Insurance	11,230	-	-	-
Land	-	-	312,856	-
Buildings	-	-	365,821	-
Equipment	-	-	271,262	-
Leased Property Improvements	-	-	567,974	-
Amount to be Provided for Retirement of Long-Term Debt	-	-	-	10,950
Total Assets	\$ <u>604,888</u>	\$ <u>161,264</u>	\$ <u>1,517,913</u>	\$ <u>10,950</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts Payable	\$ 2,277	\$ -	\$ -	\$ -
Accrued Annual Leave	-	-	-	10,950
Total Liabilities	<u>2,277</u>	<u>-</u>	<u>-</u>	<u>10,950</u>
Fund Equity:				
Investment in General Fixed Assets	-	-	1,517,913	-
Fund Balance:				
Reserved For:				
Prepaid Insurance	11,230	-	-	-
Recycling	-	-	-	-
Public Streets and Highways	-	75,752	-	-
Unreserved:				
Designated for Public Improvements	-	85,512	-	-
Designated for Subsequent Year's Expenditures	172,046	-	-	-
Undesignated	419,335	-	-	-
Total Fund Equity	<u>602,611</u>	<u>161,264</u>	<u>1,517,913</u>	<u>-</u>
Total Liabilities and Fund Equity	\$ <u>604,888</u>	\$ <u>161,264</u>	\$ <u>1,517,913</u>	\$ <u>10,950</u>

Total (Memorandum Only)	
2004	2003
\$ 748,233	\$ 845,406
6,689	6,204
-	1,200
11,230	7,600
312,856	312,855
365,821	342,521
271,262	271,192
567,974	567,974
<u>10,950</u>	<u>10,323</u>
\$ <u><u>2,295,015</u></u>	\$ <u><u>2,365,275</u></u>
\$ 2,277	\$ 2,002
<u>10,950</u>	<u>10,323</u>
<u>13,227</u>	<u>12,325</u>
1,517,913	1,494,542
11,230	7,600
-	43,997
75,752	287,096
85,512	79,825
172,046	194,338
<u>419,335</u>	<u>245,552</u>
<u>2,281,788</u>	<u>2,352,950</u>
\$ <u><u>2,295,015</u></u>	\$ <u><u>2,365,275</u></u>

BARTON HILLS VILLAGE  
Combined Statement of Revenues, Expenditures and  
Changes in Fund Balance  
All Governmental Fund Types  
For the Year Ended March 31, 2004  
With Comparative Totals for the Year Ended March 31, 2003

	<u>Governmental Fund Types</u>		<u>Total</u>	
	<u>General</u>	<u>Special</u>	<u>(Memorandum Only)</u>	
			<u>2004</u>	<u>2003</u>
Revenues:				
Current Taxes	\$ 463,514	\$ -	\$ 463,514	\$ 450,867
State Shared Revenues	27,512	13,225	40,737	42,056
Water Services	7,949	-	7,949	8,559
Lease Revenue	74,004	-	74,004	74,004
Interest Earned	5,346	1,226	6,572	14,338
Interest and Penalties on Delinquent Taxes	198	-	198	377
Miscellaneous Revenues	16,332	-	16,332	11,455
Total Revenues	<u>594,855</u>	<u>14,451</u>	<u>609,306</u>	<u>601,656</u>
Expenditures:				
General Government	48,366	-	48,366	55,878
Public Safety	42,593	-	42,593	40,262
Highways and Streets	139,490	225,000	364,490	194,005
Parks	14,377	-	14,377	13,373
Sanitation	33,756	-	33,756	32,724
Water	31,428	-	31,428	41,434
Capital Outlay	13,472	-	13,472	5,223
Other Functions	135,249	20,108	155,357	119,175
Total Expenditures	<u>458,731</u>	<u>245,108</u>	<u>703,839</u>	<u>502,074</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>136,124</u>	<u>(230,657)</u>	<u>(94,533)</u>	<u>99,582</u>
Other Financing Sources (Uses):				
Operating Transfers In	-	25,000	25,000	25,000
Operating Transfers Out	(25,000)	-	(25,000)	(25,000)
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>25,000</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>111,124</u>	<u>(205,657)</u>	<u>(94,533)</u>	<u>99,582</u>
Fund Balance - April 1	<u>491,487</u>	<u>366,921</u>	<u>858,408</u>	<u>758,826</u>
Fund Balance - March 31	\$ <u>602,611</u>	\$ <u>161,264</u>	\$ <u>763,875</u>	\$ <u>858,408</u>

BARTON HILLS VILLAGE  
Combined Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
General and Special Revenue Funds  
For the Year Ended March 31, 2004

	<u>General Fund</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:			
Current Taxes	\$ 463,514	\$ 463,514	\$ -
State Shared Revenues	27,550	27,512	(38)
Water Services	7,950	7,949	(1)
Lease Revenue	74,010	74,004	(6)
Interest Earned	6,000	5,346	(654)
Interest and Penalties on Delinquent Taxes	-	198	198
Miscellaneous Revenues	14,000	16,332	2,332
Total Revenues	<u>593,024</u>	<u>594,855</u>	<u>1,831</u>
Expenditures:			
General Government	49,400	48,366	1,034
Public Safety	42,200	42,593	(393)
Highways and Streets	136,000	139,490	(3,490)
Parks	13,700	14,377	(677)
Sanitation	33,600	33,756	(156)
Water	35,000	31,428	3,572
Capital Outlay	13,500	13,472	28
Other Functions	140,556	135,249	5,307
Total Expenditures	<u>463,956</u>	<u>458,731</u>	<u>5,225</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>129,068</u>	<u>136,124</u>	<u>7,056</u>
Other Financing Sources (Uses):			
Operating Transfers In	-	-	-
Operating Transfers Out	(25,000)	(25,000)	-
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 104,068</u>	<u>111,124</u>	<u>\$ 7,056</u>
Fund Balance - April 1		<u>491,487</u>	
Fund Balance - March 31		<u>\$ 602,611</u>	

<u>Special Revenue Funds</u>			<u>Total (Memorandum Only)</u>		
<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -	\$ 463,514	\$ 463,514	\$ -
16,000	13,225	(2,775)	43,550	40,737	(2,813)
-	-	-	7,950	7,949	(1)
-	-	-	74,010	74,004	(6)
1,750	1,226	(524)	7,750	6,572	(1,178)
-	-	-	-	198	198
-	-	-	14,000	16,332	2,332
<u>17,750</u>	<u>14,451</u>	<u>(3,299)</u>	<u>610,774</u>	<u>609,306</u>	<u>(1,468)</u>
-	-	-	49,400	48,366	1,034
-	-	-	42,200	42,593	(393)
225,000	225,000	-	361,000	364,490	(3,490)
-	-	-	13,700	14,377	(677)
-	-	-	33,600	33,756	(156)
-	-	-	35,000	31,428	3,572
-	-	-	13,500	13,472	28
20,110	20,108	2	160,666	155,357	5,309
<u>245,110</u>	<u>245,108</u>	<u>2</u>	<u>709,066</u>	<u>703,839</u>	<u>5,227</u>
<u>(227,360)</u>	<u>(230,657)</u>	<u>(3,297)</u>	<u>(98,292)</u>	<u>(94,533)</u>	<u>3,759</u>
25,000	25,000	-	25,000	25,000	-
-	-	-	(25,000)	(25,000)	-
<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (202,360)</u>	<u>(205,657)</u>	<u>\$ (3,297)</u>	<u>\$ (98,292)</u>	<u>(94,533)</u>	<u>\$ 3,759</u>
	<u>366,921</u>			<u>858,408</u>	
	<u>\$ 161,264</u>			<u>\$ 763,875</u>	

Barton Hills Village  
Notes to Financial Statements  
March 31, 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Barton Hills Village was incorporated on December 14, 1973. The Village government operates and maintains the water system and streets, provides police protection and certain other services formerly provided by Barton Hills Maintenance Corporation together with certain services previously provided by Ann Arbor Township.

The accounting policies of the Village of Barton Hills conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. Scope of Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14, "The Financial Reporting Entity," the financial statements of Barton Hills Village contain all the Village funds, account groups and authorities for which the Village is financially accountable and the nature and significance of their relationship with the Village are such that exclusion would cause the Village's financial statements to be misleading or incomplete. Financial accountability exists if the Village appoints a voting majority of an organization's governing board, is either able to impose its will on another organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on the Village, or if an organization is fiscally dependent on the Village.

The following organization is not a part of the Village and is excluded from the accompanying financial statements for the reasons stated.

Barton Hills Maintenance Corporation

- \* Financed primarily through rental fees
- \* Governing Board is elected by Village residents based upon stock ownership
- \* Village has no obligation to fund deficits of the Corporation, nor is it responsible for approving the operating budget.

B. Basis of Presentation

The accounts of the Village are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The financial activities of the Village are recorded in separate funds and account groups, categorized and described as follows:

Barton Hills Village  
Notes to Financial Statements  
March 31, 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Basis of Presentation - Continued

GOVERNMENTAL FUNDS

General Fund--The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds--Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. Currently, this includes the Motor Vehicle Highway Funds and Public Improvement Reserve Fund.

ACCOUNT GROUPS

General Fixed Assets Account Group--This Account Group presents the fixed assets of the Village utilized in its general operations (nonproprietary fixed assets).

General Long-Term Debt Account Group--This Account Group presents the balance of general obligation long-term debt which is not recorded in proprietary funds.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Also, the basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt and on special assessment indebtedness secured by interest bearing special assessment levies which are recognized when due.

Barton Hills Village  
Notes to Financial Statements  
March 31, 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Budgetary Data

The Village follows procedures in establishing the budgetary data reflected in the financial statements in accordance with the Uniform Budgeting and Accounting Act (P.A. 621 of 1978).

Formal budgetary integration is employed as a management control device during the year for all budgetary funds. Also, all budgets are adopted on a basis consistent with generally accepted accounting principles.

E. Assets and Liabilities

1. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets (expendable available financial resources) and current liabilities (those expected to be liquidated with expendable financial resources) are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical costs if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.



Barton Hills Village  
Notes to Financial Statements  
March 31, 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Assets and Liabilities - Continued

1. Fixed Assets and Long-Term Liabilities - Continued

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

2. Cash and Investments

Under State law, the Village is permitted to invest in deposits with Michigan commercial banks, savings and loans and credit unions, obligations of the U.S. Treasury and commercial paper with certain investment grades. Deposits (cash and certificates of deposit) are carried at cost which approximates market value. The carrying amount of deposits are separately displayed on the balance sheets as "Cash".

The carrying amount of the Village's deposits with financial institutions was \$748,233 and the bank balance was \$770,474 at March 31, 2004. The bank balance is categorized as follows:

Amount insured by F.D.I.C.	\$120,478
Uncollateralized	<u>649,996</u>
Total Bank Balance	<u>\$770,474</u>

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Revenues and Expenditures

1. Accumulated Unpaid Vacation and Sick Pay

Under agreements with employee groups, individual employees have a vested right to receive payments for unused vacation, sick leaves and other benefits under formulas and conditions specified in the agreements. In accordance with promulgations of the State of Michigan, accumulated unpaid vacation, sick pay and other employee benefit amounts are accrued on the financial statements in the general long-term debt account group. Such amounts are recorded as expenditures when the vacation and sick pay is taken by the employees. Management has estimated that the liability at March 31, 2004 is \$10,950 which compares to the total estimated liability at March 31, 2003 of \$10,323.

Barton Hills Village  
Notes to Financial Statements  
March 31, 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

G. Revenues and Expenditures - Continued

2. Property Taxes

Property tax assessments are determined (Tax Day) as of each December 31. Taxes are levied on July 1 of the following year. The Village bills and collects its own property taxes which are accounted for in the General Fund. Village property tax revenues are recognized in the current year as revenue in accordance with the guidelines of the State of Michigan.

The Village is permitted by State law to levy taxes up to \$20 per \$1,000 of equalized valuation for general governmental services. It would also appear to have unlimited taxing power to levy for certain contractual debt subject to constitutional limitations.

	<u>Per \$1,000 of</u> <u>State Equalized Value</u>
Authorized Rate (Pre-Rollback)*	20.0000
Authorized Rate (Post-Rollback)*	12.4556
Taxes Levied 2003 Roll	10.0000
Tax Margin	2.4556

\*Rollback refers to required reduction in millage rates to comply with provisions of state law.

H. Total Columns on Combined Statements

Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

I. Comparative Data/Reclassifications

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Village's financial position and operations. However, comparative (i.e. presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusions would make the statements unduly complex and difficult to read. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Barton Hills Village  
Notes to Financial Statements  
March 31, 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

J. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Formal Adopted Budget

The Village did adopt annual budgets as required by Public Act 2 of 1968 (as amended) and authorized supplemental appropriations (budget amendments), which are reflected in the financial statements.

B. Compliance with Public Act 621 of 1978

1. The Village has no accumulated fund balance deficits.
2. Excess of Expenditures Over Appropriations in Budgetary Funds

Public Act 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated.

During the year ended March 31, 2004, the Village incurred expenditures which were in excess of the amounts appropriated as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund:			
Public Safety	\$ 42,200	\$ 42,593	\$ 393
Highways and Streets	136,000	139,490	3,490
Parks	13,700	14,377	677
Sanitation	33,600	33,756	156

(3) DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Property Taxes Receivable

The delinquent real property taxes of the Village are purchased by the County of Washtenaw. These taxes have been recorded as revenue for the current year in accordance with generally accepted accounting principles.

Barton Hills Village  
Notes to Financial Statements  
March 31, 2004

(3) DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS – Continued

B. Changes in General Fixed Assets

	Balance 4-1-03	Additions	Deletions	Balance 3-31-04
Land	\$ 312,855	\$ 1	\$ -	\$ 312,856
Buildings	342,521	23,300	-	365,821
Equipment	271,192	1,165	1,095	271,262
Leased Property Improvements	<u>567,974</u>	<u>-</u>	<u>-</u>	<u>567,974</u>
	<u>\$1,494,542</u>	<u>\$24,466</u>	<u>\$1,095</u>	<u>\$1,517,913</u>

C. Lease - Barton Hills Maintenance Corporation

Effective December 15, 1973, the Village entered into a lease covering the roads, paths, lanes, walkways, easements, water supply system, parks and certain other assets owned by Barton Hills Maintenance Corporation. The lease was renewed effective May, 1995 for a period of five years and automatically renewed thereafter until a revised agreement is prepared and executed by the parties as a replacement. Payments under the lease terms aggregated \$18,155 during the year ended March 31, 2004 and was provided from the General Fund.

D. Changes in Long-Term Debt

The following is a summary of long-term debt transactions for the year ended March 31, 2004. All of the long-term debt is general obligation debt.

Long-Term Debt payable at April 1, 2003	\$10,323
Increase in Vested Employee Compensation	<u>627</u>
Long-Term Debt Payable at March 31, 2004	<u>\$10,950</u>

E. Reserved Fund Balance

A detailed description of fund balance reservations and designations (for all governmental fund types) at March 31, 2004 is presented below:

<u>Fund Balance</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Reserved for:			
Prepaid Insurance	\$ 11,230	\$ -	\$ 11,230
Public Streets and Highways	<u>-</u>	<u>75,752</u>	<u>75,752</u>
Total Reserved	11,230	75,752	86,982
Designated for Specific Purposes	172,046	85,512	257,558
Undesignated	<u>419,335</u>	<u>-</u>	<u>419,335</u>
Total Fund Balance	<u>\$ 602,611</u>	<u>\$161,264</u>	<u>\$763,875</u>

Barton Hills Village  
Notes to Financial Statements  
March 31, 2004

(3) DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS – Continued

F. Employee Retirement Systems and Plans

Defined Benefit Plan

1. Plan Description

The Village contributes to the Michigan Municipal Employees' Retirement System (MMERS), which is an agent multiple employer retirement system that covers all full time employees of the Village. The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, nonduty-connected death and post-retirement adjustments to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by a certain percentage based on the benefit program in effect as of the date of termination of membership times the final average compensation (FAC). The most recent period for which actuarial data was available was for the actuarial valuation as of December 31, 2002.

MERS was organized pursuant to Section 12a of Act #156, Public Acts of 1851 (MSA 5.333(a); MCLA 46.12(a)), as amended, State of Michigan. MERS is regulated under Act No. 427 of the Public Acts of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system.

That report may be obtained by writing to the System at 447 N. Canal St., Lansing, Michigan 48917-9755.

2. Funding Policy

The obligation to contribute to and maintain the system for these employees was established as part of the Village's personnel policy. The Village is required to contribute at an actuarially determined rate; the current rate of 6.57% was a percentage of annual compensation at December 31, 2001.

3. Annual Pension Cost

During the fiscal year ended March 31, 2004, the Village's contributions totaling \$8,572 made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2001. The employer contribution rate has been determined based on the entry age normal cost funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee the level percentage of payroll contribution (from entry age

Barton Hills Village  
Notes to Financial Statements  
March 31, 2004

(3) DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS – Continued

F. Employee Retirement Systems and Plans - Continued

Defined Benefit Plan – Continued

3. Annual Pension Cost - Continued

to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8% and annual salary increases of 4.5% based on an age-related scale to reflect merit, longevity, and promotional salary increases.

<u>Trend Information</u>				
Fiscal Year Ended	Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<u>March 31</u>	<u>Dec. 31</u>			
1998	1996	\$1,824	100%	\$-0-
1999	1997	-0-	100%	-0-
2000	1998	7,620	100%	-0-
2001	1999	10,658	100%	-0-
2002	2000	7,957	100%	-0-
2003	2001	8,572	100%	-0-

4. Required Supplementary information for GASB 27

<u>Schedule of Funding Progress</u>						
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Underfunded (Overfunded)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
			<u>AAL (UAAL)</u>			
12/31/97	\$274,191	\$223,633	\$(50,558)	123%	\$128,769	0%
12/31/98	296,413	292,891	(3,521)	101	108,810	0
12/31/99	327,551	363,773	36,222	90	144,789	25
12/31/00	351,713	379,829	28,116	93	116,177	24
12/31/01	372,905	410,819	37,914	91	121,100	31
12/31/02	377,496	439,663	62,167	86	125,662	49

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2002, the latest actual valuation, follows:

Actuarial cost method	Entry age normal cost
Amortization method	Level percent
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	8%
Projected salary increases	
Includes inflation at 4.5%	4.50-8.66%
Cost of living adjustments	None

Barton Hills Village  
Notes to Financial Statements  
March 31, 2004

(4) OTHER INFORMATION

A. Risk Management

The Village is exposed to various risks of loss related to liability, employee injury and other circumstances. The Village has purchased property liability and workers compensation coverages through commercial insurance carriers. There were no significant reductions in insurance coverage from the prior year and no insurance settlements have exceeded coverage.

B. GASB Statement No. 34 Reporting Change

For the fiscal year beginning April 1, 2004 through March 31, 2005, the Village plans to adopt Governmental Accounting Standards Board (GASB) Statement No. 34. This will result in a change in the financial statement reporting model. Governmental activities will be reported on a budgetary basis as well as on a full accrual basis of accounting. This may result in prior period adjustments. However, pro forma information is not currently available to project the effect of the reporting change.

FINANCIAL STATEMENTS OF  
INDIVIDUAL FUNDS  
AND ACCOUNT GROUPS



## GENERAL FUND

The General Fund is used to account for resources, traditionally associated with governments, which are not required to be accounted for in another fund.

BARTON HILLS VILLAGE  
General Fund  
Balance Sheet  
March 31, 2004  
With Comparative Amounts for March 31, 2003

ASSETS

	<u>2004</u>	<u>2003</u>
Cash	\$ 586,969	\$ 479,685
Accounts Receivable - Water and Other	6,689	6,204
Prepaid Insurance	<u>11,230</u>	<u>7,600</u>
Total Assets	\$ <u><u>604,888</u></u>	\$ <u><u>493,489</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts Payable	\$ <u>2,277</u>	\$ <u>2,002</u>
Fund Balance:		
Reserved for Prepaid Insurance	11,230	7,600
Reserved for Recycling	-	43,997
Unreserved:		
Designated for Subsequent Year's Expenditures	172,046	194,338
Undesignated	<u>419,335</u>	<u>245,552</u>
Total Fund Balance	<u><u>602,611</u></u>	<u><u>491,487</u></u>
Total Liabilities and Fund Balance	\$ <u><u>604,888</u></u>	\$ <u><u>493,489</u></u>

**BARTON HILLS VILLAGE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended March 31, 2004**  
**With Comparative Actual Amounts for the Year Ended March 31, 2003**

	Final Budget	Actual	Variance- Favorable (Unfavorable)	Actual 2003
<b>Revenues:</b>				
Current Taxes	\$ 463,514	\$ 463,514	\$ -	\$ 450,867
State Shared Revenues	27,550	27,512	(38)	29,406
Water Services	7,950	7,949	(1)	8,559
Lease Revenue	74,010	74,004	(6)	74,004
Interest Earned	6,000	5,346	(654)	6,284
Interest & Penalties	-	198	198	377
Miscellaneous Revenues	14,000	16,332	2,332	11,455
<b>Total Revenues</b>	<b>593,024</b>	<b>594,855</b>	<b>1,831</b>	<b>580,952</b>
<b>Expenditures:</b>				
<b>General Government:</b>				
President	9,000	8,564	436	6,656
Election Department	500	468	32	755
Attorney	6,500	6,484	16	9,906
Clerk	7,700	7,166	534	11,206
Treasurer	25,700	25,684	16	27,355
<b>Total General Government</b>	<b>49,400</b>	<b>48,366</b>	<b>1,034</b>	<b>55,878</b>
<b>Public Safety:</b>				
Law Enforcement	37,900	39,041	(1,141)	36,685
Fire Department Services	4,300	3,552	748	3,577
<b>Total Public Safety</b>	<b>42,200</b>	<b>42,593</b>	<b>(393)</b>	<b>40,262</b>
<b>Highways and Streets</b>	<b>136,000</b>	<b>139,490</b>	<b>(3,490)</b>	<b>194,005</b>
<b>Parks</b>	<b>13,700</b>	<b>14,377</b>	<b>(677)</b>	<b>13,373</b>
<b>Sanitation</b>	<b>33,600</b>	<b>33,756</b>	<b>(156)</b>	<b>32,724</b>
<b>Water Department</b>	<b>35,000</b>	<b>31,428</b>	<b>3,572</b>	<b>41,434</b>
<b>Capital Outlay</b>	<b>13,500</b>	<b>13,472</b>	<b>28</b>	<b>5,223</b>
<b>Other Functions:</b>				
<b>Fringe Benefits:</b>				
Employee Housing Costs	20,000	19,673	327	12,031
Retirement	8,800	8,572	228	7,957
Hospitalization Insurance	38,500	38,474	26	33,450
Social Security	13,510	13,508	2	13,064
Other Fringe Benefits	700	680	20	555
<b>Total Fringe Benefits</b>	<b>81,510</b>	<b>80,907</b>	<b>603</b>	<b>67,057</b>
Insurance and Bonds	38,000	34,141	3,859	31,820
Miscellaneous	2,046	2,046	-	-
Property Lease	19,000	18,155	845	20,298
<b>Total Other Functions</b>	<b>140,556</b>	<b>135,249</b>	<b>5,307</b>	<b>119,175</b>
<b>Total Expenditures</b>	<b>463,956</b>	<b>458,731</b>	<b>5,225</b>	<b>502,074</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>129,068</b>	<b>136,124</b>	<b>7,056</b>	<b>78,878</b>
<b>Other Financing Uses:</b>				
Operating Transfers Out	(25,000)	(25,000)	-	(25,000)
<b>Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses</b>	<b>\$ 104,068</b>	<b>111,124</b>	<b>\$ 7,056</b>	<b>53,878</b>
<b>Fund Balance - April 1</b>		<b>491,487</b>		<b>437,609</b>
<b>Fund Balance - March 31</b>		<b>\$ 602,611</b>		<b>\$ 491,487</b>

## SPECIAL REVENUE FUNDS

### Motor Vehicle Highway Funds

The Motor Vehicle Highway Funds were established to account for the collection of monies returned by the State for maintaining major and local street systems. The Village expends these funds on adjacent roads under joint participation projects with another unit of government.

### Public Improvement Reserve Fund

The Public Improvement Reserve Fund was established to account for capital improvements in the Village.

BARTON HILLS VILLAGE  
Special Revenue Funds  
Combining Balance Sheet  
March 31, 2004  
With Comparative Totals for March 31, 2003

	Motor Vehicle Highway Funds		Public Improvement Reserve Fund	Total	
	Major Streets	Local Streets		2004	2003
<u>ASSETS</u>					
Cash	\$ 56,524	\$ 19,228	\$ 85,512	\$ 161,264	\$ 365,721
Accrued Interest Receivable	-	-	-	-	1,200
Total Assets	<u>\$ 56,524</u>	<u>\$ 19,228</u>	<u>\$ 85,512</u>	<u>\$ 161,264</u>	<u>\$ 366,921</u>
<u>FUND BALANCE</u>					
Fund Balance:					
Reserved for Public Streets and Highways	\$ 56,524	\$ 19,228	-	\$ 75,752	\$ 287,096
Unreserved: Designated for Public Improvements	-	-	85,512	85,512	79,825
Total Fund Balance	<u>\$ 56,524</u>	<u>\$ 19,228</u>	<u>\$ 85,512</u>	<u>\$ 161,264</u>	<u>\$ 366,921</u>

BARTON HILLS VILLAGE  
Special Revenue Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Year Ended March 31, 2004  
With Comparative Totals for the Year Ended March 31, 2003

	Motor Vehicle Highway Funds		Public Improvement Reserve Fund	Total	
	Major Streets	Local Streets		2004	2003
Revenues:					
State Shared Revenue	\$ 9,919	\$ 3,306	\$ -	\$ 13,225	\$ 12,650
Interest Earned	358	73	795	1,226	8,054
Total Revenues	<u>10,277</u>	<u>3,379</u>	<u>795</u>	<u>14,451</u>	<u>20,704</u>
Expenditures:					
Highways and Streets	168,750	56,250	-	225,000	-
Other	-	-	20,108	20,108	-
Total Expenditures	<u>168,750</u>	<u>56,250</u>	<u>20,108</u>	<u>245,108</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	(158,473)	(52,871)	(19,313)	(230,657)	20,704
Other Financing Sources:					
Transfer In - General Fund	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	(158,473)	(52,871)	5,687	(205,657)	45,704
Fund Balance - April 1	<u>214,997</u>	<u>72,099</u>	<u>79,825</u>	<u>366,921</u>	<u>321,217</u>
Fund Balance - March 31	<u>\$ 56,524</u>	<u>\$ 19,228</u>	<u>\$ 85,512</u>	<u>\$ 161,264</u>	<u>\$ 366,921</u>

BARTON HILLS VILLAGE  
Special Revenue Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended March 31, 2004

Motor Vehicle Highway Funds

	<u>Major Streets</u>			<u>Local Streets</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:						
State Shared Revenue	\$ 12,000	\$ 9,919	\$ (2,081)	\$ 4,000	\$ 3,306	\$ (694)
Interest Earned	600	358	(242)	200	73	(127)
Total Revenues	<u>12,600</u>	<u>10,277</u>	<u>(2,323)</u>	<u>4,200</u>	<u>3,379</u>	<u>(821)</u>
Expenditures:						
Highways and Streets	168,750	168,750	-	56,250	56,250	-
Other	-	-	-	-	-	-
Total Expenditures	<u>168,750</u>	<u>168,750</u>	<u>-</u>	<u>56,250</u>	<u>56,250</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	(156,150)	(158,473)	(2,323)	(52,050)	(52,871)	(821)
Other Financing Sources:						
Transfer In - General Fund	-	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	\$ <u>(156,150)</u>	(158,473)	\$ <u>(2,323)</u>	\$ <u>(52,050)</u>	(52,871)	\$ <u>(821)</u>
Fund Balance - April 1		<u>214,997</u>			<u>72,099</u>	
Fund Balance - March 31		\$ <u>56,524</u>		\$ <u>19,228</u>		

Public Improvement Reserve Fund			Total		
Final Budget	Actual	Variance- Favorable (Unfavorable)	Final Budget	Actual	Variance- Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 16,000	\$ 13,225	\$ (2,775)
950	795	(155)	1,750	1,226	(524)
950	795	(155)	17,750	14,451	(3,299)
-	-	-	225,000	225,000	-
20,110	20,108	2	20,110	20,108	2
20,110	20,108	2	245,110	245,108	2
(19,160)	(19,313)	(153)	(227,360)	(230,657)	(3,297)
25,000	25,000	-	25,000	25,000	-
\$ <u>5,840</u>	5,687	\$ <u>(153)</u>	\$ <u>(202,360)</u>	(205,657)	\$ <u>(3,297)</u>
	79,825			366,921	
	\$ <u>85,512</u>		\$ <u>161,264</u>		



## GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group represents accumulated expenditures by the Village for capital assets and improvements of long life. Included are buildings, land, vehicles, furniture and equipment and other items. No provision has been made for depreciation nor has any loss in value, which may have occurred since acquisition, been recognized in the accounts.

BARTON HILLS VILLAGE  
General Fixed Assets Account Group  
Schedule of General Fixed Assets  
March 31, 2004  
With Comparative Amounts for March 31, 2003

	<u>2004</u>	<u>2003</u>
<u>GENERAL FIXED ASSETS</u>		
Lots at Nominal Value	\$ 4	\$ 3
Land	312,852	312,852
Employee Housing	278,201	268,388
Buildings at Insurance Values	87,620	74,133
Machinery and Equipment	107,421	107,351
Vehicles	150,709	150,709
Office Equipment	10,384	10,384
Employee Houses - Furniture	2,748	2,748
Leased Property Improvements	<u>567,974</u>	<u>567,974</u>
Total General Fixed Assets	\$ <u>1,517,913</u>	\$ <u>1,494,542</u>
 <u>INVESTMENT IN GENERAL FIXED ASSETS</u>		
Investment in General Fixed Assets	\$ <u>1,517,913</u>	\$ <u>1,494,542</u>

BARTON HILLS VILLAGE  
General Fixed Assets Account Group  
Schedule of Changes in General Fixed Assets  
For the Year Ended March 31, 2004

	Balance April 1, 2003	Additions	Deletions	Balance March 31, 2004
Lots - At Nominal Values	\$ 3	\$ 1	\$ -	\$ 4
Land - At Cost	35,479	-	-	35,479
Land - ETC - At Cost	277,373	-	-	277,373
Employee Housing - At Insurance Values	99,848	-	-	99,848
Employee Housing - At Cost	168,540	9,813	-	178,353
Buildings - At Insurance Values	74,133	13,487	-	87,620
Machinery and Equipment	107,351	1,165	1,095	107,421
Vehicles	150,709	-	-	150,709
Office Equipment	10,384	-	-	10,384
Employee Houses - Furniture	2,748	-	-	2,748
Leased Property Improvements:				
Water Lines	211,987	-	-	211,987
Pump House	67,405	-	-	67,405
Water Tower	265,683	-	-	265,683
Well	22,899	-	-	22,899
Total Investment in General Fixed Assets	\$ <u>1,494,542</u>	\$ <u>24,466</u>	\$ <u>1,095</u>	\$ <u>1,517,913</u>

STATISTICAL SECTION

BARTON HILLS VILLAGE  
Schedule of Taxes Levied, Collected and Returned Delinquent  
2003 Tax Roll  
March 31, 2004

Taxable Valuation:

Real Property	\$	45,473,115
Personal Property		<u>878,300</u>
Total Taxable Valuation	\$	<u><u>46,351,415</u></u>

	<u>Real</u>	<u>Personal</u>	<u>Total</u>
Tax Levy (Village Only)	\$ 454,731	\$ 8,783	\$ 463,514
Returned Delinquent	<u>2,894</u>	<u>716</u>	<u>3,610</u>
Current Tax Collections	\$ <u><u>451,837</u></u>	\$ <u><u>8,067</u></u>	\$ <u><u>459,904</u></u>